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Sustainable development and international economic cooperation: high-level dialogue on strengthening international economic cooperation for development through partnership

Summary by the President of the General Assembly of the high-level dialogue on the theme "Responding to globalization: facilitating the integration of developing countries into the world economy in the twenty-first century"

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I. Background and introduction

1. The present report is submitted in accordance with General Assembly resolution 55/193 of 20 December 2000. In addition to the present introductory section, the report contains the summary by the President of the Assembly of the high-level dialogue, including the two ministerial round tables-cum-informal panels.

2. The renewal of the dialogue on strengthening international cooperation for development through partnership serves as an important mechanism for intergovernmental follow-up to, and assessment of, the Agenda for Development, adopted by the General Assembly in its resolution 51/240 of 20 June 1997 and contained in the annex thereto. The Agenda provided that such a dialogue should also be used as an opportunity to discuss new and emerging issues concerning international cooperation for development.

3. The first high-level dialogue, on the theme of the social and economic impact of globalization and interdependence and their policy implications, took place on 17 and 18 September 1998 (see A/53/529). The General Assembly subsequently decided to hold biennially a renewal of the high-level dialogue to provide impetus for the promotion of international economic cooperation for development (Assembly resolution 53/181 of 15 December 1998). Owing to the holding of the Millennium Assembly of the United Nations at its fifty-fifth session, the Assembly decided to defer the holding of the second dialogue to its fifty-sixth session, without changing the biennial nature of the dialogue (Assembly resolution 54/213 of 22 December 1999).

4. Since the holding of the first high-level dialogue, member States have created a number of forums for a systematic and in-depth discussion of international cooperation for development through partnership. These discussions have increasingly focused on the opportunities and challenges presented by globalization for the integration of developing countries into the global economy, and are now an established part of the intergovernmental process.

5. One of the direct outcomes of the first dialogue was the inclusion in the General Assembly's agenda, as of its fifty-fourth session, of an item entitled "Globalization and interdependence". This action was based on the widely shared desire expressed during the dialogue to continue discussions with a view to developing a coherent and effective response to the opportunities and challenges being offered by globalization and interdependence (see Assembly resolution 53/169 of 15 December 1998). Since that session, the item has provided the basis for intergovernmental discussion and action on the role of the United Nations in promoting development in the context of globalization and interdependence, and on promoting coherence, complementarity and coordination on economic and development issues at the global level in order to optimize the benefits and limit the negative consequences of globalization and interdependence. During the fifty-fifth session of the Assembly, for example, particular emphasis was placed on the technology-led dimension of globalization, and the role of information and communication technologies (ICT) for development. (See Assembly resolution 54/231 of 22 December 1999, and the Secretary-General's report to the Assembly at its fifty-fifth session (A/55/381). The question of ICT was one of two sub-themes addressed in this year's dialogue.) At its present (fifty-sixth) session, the Assembly will address, in particular, the effect of increasing linkages and interdependencies among trade, finance, knowledge, technology and investment on growth and development in the context of globalization (see Assembly resolution 55/212 of 20 December 2000, and the report of the Secretary-General thereon (A/56/445)).

6. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions has likewise become a critical forum for discussing the promotion of economic and social equity in the global economy, with particular reference to the international financial system and the priorities of growth and development. The first of these meetings took place in 1998, and has since been held annually in proximity to the semi-annual (spring) meetings of the Bretton Woods institutions. The meetings regularly bring together policy makers in the areas of finance and monetary issues, development cooperation and foreign affairs for a dialogue in the Council (see, for example, the informal summary of the latest of these meetings (E/2001/72)).

7. A further strand of intergovernmental discussion on global partnership for development, devoted to the consideration of financing for development, was initiated in 1997. The preparatory process for the

International Conference on Financing for Development has now entered its final stages, with the event scheduled to take place from 18 to 22 March 2002 in Monterrey, Mexico. The question of financing for development was the second of the two sub-themes addressed at this year's dialogue.

8. Lastly, issues of globalization and interdependence are also an integral part of the preparations for the World Summit on Sustainable Development, scheduled to take place from 2 to 11 September 2002 in Johannesburg, South Africa. Preparations are proceeding under the leadership of the Commission on Sustainable Development. The Summit is expected to assess progress made in the implementation of Agenda 21,[1] adopted at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, and to seek consensus on priorities for further action in new areas or issues. It is also expected to consider the implications for sustainable development of new technologies and of globalization, as well as of the functioning of financial institutions and markets.

9. The format of the first high-level dialogue was a unique innovation in the work of the General Assembly. Since then, the format of combining plenary debate in which delegations state their national positions, with ministerial round tables and informal panels, inter alia, with the participation of non-governmental actors, has proved its value for facilitating interactive dialogues among all key actors in development. Interactive round tables at the highest level were a prominent feature of the Millennium Summit of the United Nations. Ministerial round tables are now a regular feature of the high-level segments of the substantive sessions of the Economic and Social Council, as well as of the Council's meetings with the Bretton Woods institutions.

10. In considering the question of future high-level dialogues, the General Assembly may wish to take into consideration the above-mentioned upcoming events, as well as the ongoing consideration of questions of international cooperation for development through partnership, within the framework of globalization and interdependence, in the regular work programme of intergovernmental bodies, especially the Second Committee of the Assembly and the Economic and Social Council.

II. Overview

11. The second high-level dialogue of the General Assembly on strengthening international economic cooperation through partnership was held against the backdrop of the terrorist attacks on the United States of America on 11 September 2001. These attacks have been a stark reminder that terrorism is a serious threat to international security, peace and development. They revealed the need for greater efforts in the context of broader multilateral cooperation to combat international terrorism in all its forms.

12. The dialogue, originally scheduled to be held on 17 and 18 September, was rescheduled to take place in a somewhat compressed format on 20 and 21 September. Ministerial round tables were combined with the informal panels on each of the two sub-themes. The change of dates, as well as the postponement of the general debate of the fifty-sixth session of the Assembly, also affected the level of participation, inter alia, of non-governmental actors.

13. The theme of the dialogue, entitled "Responding to globalization: facilitating the integration of developing countries into the world economy in the twenty-first century", was considered to be particularly important and timely in the context of the current global economic slowdown, and emphasized the urgent need for poverty eradication strategies. The dialogue deepened the understanding of globalization as a multifaceted and complex phenomenon, and the debates were informative and productive. The issues raised in the dialogue could be useful inputs into upcoming major conferences and meetings, including the World Trade Organization Ministerial Conference in Doha, Qatar; the International Conference on Financing for Development in Monterrey, Mexico; and the World Summit on Sustainable Development in Johannesburg, South Africa, as well as into the follow-up to the Millennium Summit of the United Nations and the regular work of intergovernmental bodies, especially the Second and Third Committees of the General Assembly, and the Economic and Social Council.

14. In general terms, the two-day discussions could be summarized as follows. First, globalization is a reality that must be accepted. While it could be a formidable multiplier of growth and prosperity, it does not automatically translate into more trade and faster growth for all countries, nor does it protect gains

already made. Indeed, existing inequalities both among and within countries have deepened. Second, while the international community has done much to promote the integration of developing countries into the world economy, it must address the legitimate concerns of those that are not yet able to enjoy the full benefits of globalization, and give priority to correcting the imbalances in the international economic system that disadvantage developing countries. Third, in addition to the providing of an enabling environment, vulnerable countries need to be supported through capacity-building in areas such as trade, investment, finance and technology. Additional official development assistance (ODA) and deeper and wider debt relief are critical for the poorest countries. Fourth, the benefits of ICT must be harnessed and directed towards the long-term, comprehensive development of developing countries to ensure their successful integration into the global economy. Fifth, globalization is an interactive process that needs to be harnessed and directed, as its benefits are also the result of policy choices. Sixth, because of their low per capita income and particular vulnerabilities, the least developed countries, small island developing States, landlocked and transit developing countries and African countries should be the focus of attention of the international community. Seventh, since all countries are affected by globalization, they should all be able to engage in a more participatory governance at national, regional and international levels.

15. It was generally agreed that the United Nations was uniquely placed in respect of providing the normative policy framework for addressing the challenges of globalization. It is best suited to bringing together all stakeholders in partnership for development, including bilateral, multilateral, regional and interregional actors as well as the private sector and civil society, and to creating synergies and cooperation in support of the development objectives of developing countries and countries with economies in transition. The Economic and Social Council should take on a more prominent role in sustainable development and economic cooperation.

III. Summary of the plenary debate

16. The two-day high-level dialogue on the overall theme of "Responding to globalization: facilitating the integration of developing countries into the world economy in the twenty-first century" opened with statements by the President of the General Assembly and the Deputy Secretary-General, followed by 46 speakers, including deputy ministers and high-level officials. At the closing meeting, the rapporteurs of the two ministerial round tables-cum-informal panels presented the salient points and main issues discussed during these events, and the President of the Assembly presented his oral summary of the high-level dialogue.

17. In his opening remarks, the President considered that the high-level dialogue provided an invaluable opportunity for an open and constructive exchange of views on ways for ensuring that globalization became a positive force for all. He identified some of the main features of globalization, including the growing development gaps among and within countries, and the need for the international community to address the legitimate concerns of developing countries which had so far been unable to enjoy the full benefits of globalization. With regard to the first sub-theme, he noted the urgency of addressing the question of financing for development in respect of the implementation of the goals and targets that had emanated from the global conferences and summits convened by the United Nations in the 1990s, as well as from the United Nations Millennium Declaration, adopted by the General Assembly in its resolution 55/2 of 8 September 2000. The Declaration's goal of reducing by half the number of people living in poverty by 2015 should be the overriding goal of the dialogue, and of the entire fifty-sixth session of the Assembly. The second sub-theme focused on the pivotal role that ICT played in the emerging global knowledge-based economy. ICT could be a powerful tool in the economic and social development of developing countries, thus making it imperative to close the digital divide. The ICT Task Force and the World Summit on the Information Society, to be convened by the International Telecommunication Union (ITU) in 2003 and 2005, were characterized by multi-stakeholder participation. While Governments had the primary responsibility for promoting the well-being of their people, the complex problems of development at a time of globalization required the active participation of all stakeholders in surmounting obstacles and finding solutions to the challenges ahead.

18. The Deputy Secretary-General invited the gathering to advance the international community's understanding of the potential and challenges of

globalization by stressing partnership and mutual benefit, and to generate ideas for the longer-term global effort to promote development. It should also assess progress made in reducing poverty which had been identified as one of the most urgent challenges of the new century in events such as the Millennium Assembly of the United Nations, the Third United Nations Conference on the Least Developed Countries and the recent substantive sessions of the Economic and Social Council. This required revival of global economic growth, in a sustainable and more equitable manner, coupled with open markets and technical assistance for developing countries, and the removal of barriers to free exchange and investment within the developing world. To that end, the opportunity of the meeting of the World Trade Organization in Qatar should be seized, inter alia, by fully implementing the commitments undertaken in the Uruguay Round of multilateral trade negotiations and by launching a true "Development Round" of new trade talks. With regard to the topics of the high-level dialogue, ideas for financing development, including those proposed by the Zedillo Panel (see the report of the High-level Panel on Financing for Development (A/55/1000)), should be discussed. The dialogue, as well as the ICT Task Force, should come up with recommendations for practical policies to bridge the global digital divide and foster digital opportunities for all.

19. The participants expressed their views on the key issues outlined below. They also made a number of proposals for possible further steps to address them.

20. Globalization was widely seen as a reality that must be accepted. It is in part driven by the recent fast-paced innovations in ICT and the related emergence of a global knowledged-based economy and of new opportunities for economic growth and sustainable development. Globalization is also leading to a borderless world resulting in decreasing restrictions in the movement of trade and investment and a sharp increase in their volume. While globalization is potentially a positive force, its effects are unequally distributed, with developed countries reaping more of the benefits. It is the responsibility of the international community to "humanize" globalization and to ensure that its benefits are shared by all. An international dialogue on financing for development, inter alia, on trade, debt, private capital flows and ODA, as well as on access of developing countries to ICT, is needed more than ever in order to bridge the gap between developed and developing countries. Actions in these areas are urgently needed in order to meet the targets for development and poverty eradication set out in the outcomes of the global conferences and summits of the 1990s, and in the United Nations Millennium Declaration, the recognized framework for international development cooperation. This should be pursued through improved North-South, as well as South-South cooperation.

21. The integration of developing countries into the global economy requires a collective effort of all stakeholders, including Governments, the United Nations system, the Bretton Woods institutions, the World Trade Organization, the private sector and civil society. Bridges should be built in the political, economic, financial, commercial, technical and social realm, and institutions should be strengthened at all levels, to facilitate such integration in a just and equitable process. The upcoming International Conference on Financing for Development, to be held in Monterrey, Mexico, in 2002, presents a unique opportunity to make concrete advances and significant improvements in the growth and development prospects of developing countries. Greater coherence among ODA, debt relief and trade policies would increase their effectiveness.

22. The capacities for successful integration into the global economy differed among certain groups of developing countries, requiring a differentiated approach. At the same time, developing countries share similar concerns, leading to a convergence of policy prescriptions as a result. A number of participants described national experiences with and responses to globalization. While recognizing the specificity of country circumstances, lessons could be drawn from these in defining new development strategies more consistent with the challenges of globalization. Emphasis was placed on the need for country-driven strategies for development.

23. Unfettered access to the markets of developed countries is a critical first step in promoting the successful integration of developing countries in the global economy and reducing poverty. Yet difficulties persist for developing countries in gaining meaningful market access in key sectors of comparative advantage, such as textiles and agriculture. Several delegates asserted that, since trade played a crucial role in development, the upcoming World Trade Organization Ministerial Conference in Qatar needed to launch a

Development Round to focus on market access and capacity-building for trade expansion. They stressed that such a new round should also address issues such as tariff peaks and tariff escalation, and the abuse of anti-dumping measures and of subsidies. For developing countries to benefit from the expanding trend in global trade, developed countries should broaden access to their markets, adopt preferential tariffs, especially in favour of least developed countries, and strengthen capacity-building and technical assistance in trade. This should include assistance towards full participation in and benefit from the World Trade Organization. Developed countries could contribute to this both through the Integrated Framework for Trade-related Technical Assistance for Least Developed Countries and through their bilateral ODA. Support by the international community for strengthened regional arrangements and cooperation would enhance developing countries' integration into the world economy.

24. It was generally agreed that resources for development were inadequate, requiring new and innovative strategies to attract resources to finance development. At the same time, ODA remains an important source for development, particularly for the least developed countries. Steps are therefore urgently needed to reverse the decline in ODA volumes and to reach the target of 0.7 per cent of gross national product (GNP) of developed countries. Promoting aid effectiveness and efficiency, as well as harmonization and simplification of operational procedures of international financial flows, is essential to achieving agreed development goals and could contribute to an increase in ODA. One delegation suggested launching a global information and advocacy campaign for raising public awareness in developed countries on the urgency of increasing ODA. Taking into consideration the role of the United Nations in the implementation of the development goals, one delegation suggested giving consideration to assessing contributions for United Nations operational activities. Another delegation underlined the desirability of the creation of a dedicated pool of international financing for the development of infrastructure in least developed countries.

25. Private capital flows have a critical role in increasing productive capacity and modernizing infrastructure. The creation of an enabling environment is necessary to attract productive investment, both domestic and foreign. This includes the peaceful resolution of conflicts and the promotion of democratic values, along with sound and transparent domestic governance. Appropriate mechanisms are needed to deal with short-term volatility, including sudden capital flight. Steps to enhance transparency and accountability in the international financial system are called for in order to provide better mechanisms for crisis management and to promote a predictable and stable climate to support the development and growth strategies of developing countries. In addition, confidence in domestic policies is particularly important for the mobilization of financing for development, including retaining private capital in-country for productive investments and as a source of much-needed tax revenue for the public sector. This will require steps to encourage savings and improve legal protection and non-discrimination provisions while also focusing on fighting corruption. International legal instruments against corruption and for the repatriation of the proceeds of illicit origin should be adopted. In addition, corporate governance should be enhanced, particularly through the wide dissemination of detailed international accounting standards and competition law.

26. A more coherent, comprehensive, equitable and effective debt-relief strategy remains to be achieved. While the enhanced Highly Indebted Poor Countries (HIPC) Initiative is a positive development, even deeper, broader and expeditious debt relief is needed for these countries to make significant progress towards reducing poverty and putting in place the conditions to make them competitive in the new global economy. Many speakers stressed that beyond the enhanced HIPC Initiative, effective and coherent debt policies to ensure future debt sustainability need to be devised. They also asserted that the debt of middle-income developing countries also needed urgent attention. In the context of the Poverty Reduction Strategy Papers (PRSPs), one delegation recommended that such policies reflect recognition of the need for debtor countries to achieve growth rates of 7-8 per cent per annum. A few countries also called for debt cancellation for African countries.

27. In order to promote a more equitable distribution of the benefits of globalization, the adequate representation and broad and meaningful participation of developing countries in international economic decision-making and norm-setting should be realized.

Relations between rich and poor countries remain asymmetric, leading to an uneven playing field. As a consequence, liberalization in sectors such as trade and investment occurs at a faster pace, while progress is lagging in areas of particular interest to developing countries, such as technology flows, intellectual property rights, and the free movement of labour.

28. The current phase of globalization is shaped by the fact that knowledge is a source of competitive advantage. ICT could be a powerful tool for economic and social development by opening up new avenues for trade, commerce and employment, and by reducing production and transaction costs. Improved access to ICT would lead to progress in integrating developing countries into the world economy in an effective and expeditious manner.

29. Delegations from developing countries stressed the importance of the transfer of technologies, including ICT, to developing countries in enhancing their capacity and assisting them in being integrated into the global economy. Some other delegations placed emphasis on the need to protect intellectual property rights to encourage innovation and development of new technologies.

30. At the same time, the growing digital divide could undermine the development potential of developing countries. Lack of ICT infrastructure, including adequate power supply and modern telecommunications systems, and lack of technological skills to utilize, support and administer information technology facilities, are factors that contribute to the digital divide. High rates of illiteracy, especially in the least developed and a number of other countries, also represent an enormous obstacle to rapidly increasing their access to and use of ICT. The focus should therefore be on universal connectivity by providing accessible and affordable service for all, through both a community-based approach and provision of public access points, as well as through a market-based approach and competition. Partnerships between the private and public sectors are vital in this area. Local content should also be promoted, inter alia, through the introduction of local language character sets. In turn, bold policies for developing human resources and institutional capacity are necessary to attract investment for the promotion of infrastructure and local content. ICT have great potential as a tool for improving governance, education and health; for reaching isolated communities, such as the rural poor; and for increasing business opportunities, for example, for small- and medium-sized enterprises. The use of ODA to build ICT infrastructure in the least developed countries, in particular, also needs to be addressed.

31. Intergovernmental cooperation should be pursued on issues such as copyright, computer security, electronic trading standards, legal and tax questions. Policies are urgently needed to cope with the rising incidence of cybercrimes and other associated illegal activities.

32. The United Nations, especially through the ICT Task Force, and other international and multilateral institutions, including the Bretton Woods institutions, as well as regional banks, have a vital role in supporting the integration of developing countries into global information networks. The World Summit on the Information Society will be an opportunity for addressing many of these issues in a comprehensive manner. Some delegations supported the rapid development, at the intergovernmental level, of provisions to govern the cooperation between the United Nations system and the private sector. Several delegations suggested that the General Assembly should explore ways and means to contribute to the successful preparation of the Summit and its preparatory process. One delegation suggested that a special meeting could be held on "ICT for development" to address the digital divide and to give impetus to the work of the ICT Task Force.

33. The United Nations can play an important role in promoting public awareness of the wider applications of information technology for development and poverty eradication in developing countries. In doing so, it should strive for greater coherence and consistency in its activities in the field of information technology. The United Nations should pay particular attention to assisting Africa and the least developed countries in putting in place the necessary infrastructure and building capacity to process and use information, thereby helping them to benefit from the advances in ICT. The functional commissions of the Economic and Social Council should be important actors in promoting policy coherence and enhancing the integration of developing countries in the emerging global information network through ICT.

IV. Summary of the ministerial round tables-cum-informal panels

34. Two ministerial round tables-cum-informal panels were held on 20 September. The first covered the theme "Promoting the integration of developing countries into the world economy and generating new public and private financing resources to complement development efforts". It focused on ideas and proposals put forward in the context of the financing for development process, inter alia, in the report of the High-level Panel on Financing for Development (see A/55/1000), and on practical steps to increase financing resources. The event was introduced by a panel consisting of Mr. Nitin Desai, Under-Secretary-General for Economic and Social Affairs; Mr. John Williamson, Senior Fellow, Institute for International Economics, Washington, D.C.; and Mr. Irfan ul Haque, Consultant to the Intergovernmental Group of Twenty-four (G-24). The panel was chaired by Mr. Dumisani Kumalo, Permanent Representative of South Africa to the United Nations. Mr. Ion Botnaru, Permanent Representative of the Republic of Moldova to the United Nations, served as Rapporteur.

35. The second event was on the theme "Enhancing the integration of developing countries in the emerging global information network: facilitating access to information and communication technology for developing countries", and focused on what needed to be done to ensure that ICT served as a tool for development. The event was introduced by a panel consisting of Mr. Salomão Manhiça, Executive Secretary of the ICT Policy Commission of Mozambique; Professor Swasti Mitter, University of Sussex, United Kingdom of Great Britain and Northern Ireland; and Mr. Pekka Tarjanne, former Secretary-General of ITU. The panel was chaired by Mr. Elias Gounaris, Permanent Representative of Greece to the United Nations. Mr. Eladio Loizaga, Permanent Representative of Paraguay to the United Nations, served as Rapporteur.

36. Some speakers in both round tables-cum-informal panels drew links between the topics under discussion and the tragic events of 11 September. They underscored the degree of interdependence in the international community as they showed that "someone else's poverty very soon becomes one's own problem", and could result in fanaticism and terrorism. Speakers strongly underscored the need to not let these events undermine the financing for development process. The events of 11 September were a painful reminder of the opportunities and risks involved in the networked, interlinked world, and highlighted the need to ensure that technology was used not against humanity but for the benefit of all.

37. Both round tables-cum-informal panels resulted in a fruitful and productive exchange of views and ideas. The salient points are summarized below.

A. Round table-cum-informal panel (a)

38. The financing for development process is an opportunity to answer the open question how to finance the public policy interventions called for in the comprehensive development agenda developed by the United Nations in the 1990s through the global conferences. At the same time, it is an opportunity for joining the larger development debate with that on reform of the international financial architecture. The Asian financial crisis had given a clear impetus to the latter, as concerns about the social and environmental consequences of financial crises gained new prominence. Furthermore, this process was also an opportunity to pursue the achievement of the international development goals adopted at the Millennium Summit of the United Nations, especially by developing countries. This will require an increase in aid on the part of donor countries. In order to preserve the credibility of the international community, it is essential for the financing for development process to go beyond already existing agreements. Speakers noted the unprecedented level of cooperation among the entities of the United Nations system, in particular the World Bank and the International Monetary Fund (IMF) as well as the World Trade Organization, in preparing for the Conference. The process is also unique in engaging all the stakeholders, including the private sector.

39. One panellist suggested a number of reasons for the need for official resource transfers. Globalization was leading to a widening income gap between rich and poor countries, and the benefits that these two groups received were uneven. Further reasons were the selectivity of private capital, and the need to finance the international development targets and global public goods. Within the financing for development process, a clearer picture on the extent, type and quantity of

existing flows, and their use for productive purposes should be sought.

40. Since global financial crises remain a threat to the task of promoting development, coordinated action is needed in the short term to reduce the risk of a crisis and to respond to it. Great progress has been made in recent years in improving the financial infrastructure, especially at the national level. However, much still needs to be done on broader institutional reforms. Speakers acknowledged the need, as well as the difficulties in respect of finding ways to involve the private sector in financial crises management.

41. Long-term aspects, such as macroeconomic interdependence, and potential contagion effects, also need to be addressed. Rapid developments in the global economy have led to a democratic deficit in economic governance structures, requiring new rules and institutions. In particular, participation of developing countries in international decision-making processes needs to be enhanced. While some progress has been made in this regard, as reflected, for example, by the annual meeting of the Economic and Social Council with the Bretton Woods institutions and the consultations of the Organisation for Economic Cooperation and Development (OECD) with emerging economies, further steps are needed. Some speakers recalled that the Zedillo Panel had proposed the creation of an apex economic institution to address economic polarization and economic insecurity.

42. The financing for development process has highlighted the need and created the groundwork for a renewed commitment to increased international cooperation to improve financing for development opportunities. Speakers discussed proposals for collecting an international tax, such as a currency transactions tax ("Tobin tax") or a "carbon tax" on the consumption of fossil fuel, as recommended in the Zedillo Panel report. They raised the question whether a carbon tax was in contradiction with, complementary to, or incompatible with the objective of reducing the consumption of fossil energy, and, more broadly, whether such a tax was compatible with the Kyoto Protocol[2] to the United Nations Framework Convention on Climate Change.[3] In addition, the possibility of creating an international tax organization, directed towards fiscal harmonization and cooperation, was mentioned.

43. Speakers also highlighted the impact of trade on financing for development. Terms of trade directly affect the level of resources generated from export earnings, particularly for developing countries that depend on commodities. Earnings from trade also constitute a significant contribution to domestic development efforts. Trade also encourages the productive use of economic resources. The trade dimension is rightly included in the financing for development process, and deemed of particular importance with respect to moving forward in the context of the forthcoming Ministerial Conference of the World Trade Organization in Doha, Qatar.

44. ODA remains an important issue for discussion in the financing for development process, including the quantity and quality of aid, and clarity about sectors in which to invest aid as well as a more efficient use of aid by recipient countries. In respect of ODA, the "common pool proposal", endorsed by the Zedillo Panel, which aims at curbing the increasingly unmanageable transaction costs involved in receiving aid, was discussed. The proposal envisages that potential aid recipients would elaborate their own development strategies, primarily in consultation with their population, and present their plans to donors for funding. National ownership of development strategies would thus take priority over donor conditionality. The New African Initiative already reflects this approach. Reducing high transaction costs would increase available aid substantially and is considered a practical step that could be taken in the financing for development process. Public-private partnerships, such as channelling aid through non-governmental organizations, were also presented as examples of ways to lower transaction costs and increase returns.

45. The efficiency of current debt-relief mechanisms was discussed. There is a need to go beyond the HIPC Initiative and to put in place a more transparent and fair system. One panellist emphasized the need to ensure respect for debtors' rights, for example, through an independent adjudication process for determining settlement terms. Debt sustainability is an important objective, as debt relief has to ensure real transfer of resources to indebted countries for poverty reduction.

46. The subjects of the role of the State and the issue of governance were discussed. Notwithstanding the increasing role of many actors and stakeholders in development and the holding of a discussion concerning the role of the State, a number of areas

continue to be the responsibility of the public sector, such as the provision of public goods, social services and prevention and management of crises. Thus, a mixture of public and private sector action was called for.

47. With regard to mobilizing domestic resources for development in developing countries, a number of proposals were mentioned. The Zedillo Panel, for example, had pointed to the value of funded, defined-contribution pension schemes to increase savings, which could be managed either in the public or in the private sector.

48. The financing for development process also needs to take into account various dimensions of the situation in countries in need. For example, conflicts and disasters have led to a "decapitalization" in those countries where the human and financial capital has been destroyed. Recapitalizing credit institutions is an important endeavour with respect to ensuring availability of resources in post-conflict and other countries.

B. Round table-cum-informal panel (b)

49. Today, globalization is driven by ICT that expedite the flow of information across national boundaries. Owing to the advancement of technology and improved accessibility through lower costs and increased user-friendliness, new opportunities have emerged for promoting development through greater access to markets and better access to knowledge in areas such as health and human resource development. ICT policies must be considered in the broader context of development, through a comprehensive and holistic approach, as ICT cannot be seen as a panacea for all development problems and challenges.

50. The challenges and constraints in respect of bridging the digital divide, particularly for developing countries, remain enormous. The lack of infrastructure, an inadequate regulatory environment, the high cost of access and the lack of human resources remain serious constraints on promoting accessibility and connectivity in developing countries, particularly in rural areas. In this regard, the problem of infrastructure could be overcome through the adoption of relevant technology, the lowering of costs, the collective use of facilities and the creation of an enabling environment for ICT-related investment. Creative solutions could be sought with respect to "leapfrogging" stages of development by adopting technologies (for example, wireless technology, mobile generators, solar energy) that compensate for the lack of "traditional" infrastructure, particularly in remote areas. Common facilities such as cyber-cafes and telecentres could be set up to achieve universal access. Innovative financing initiatives could help bring down the cost of Internet services.

51. With regard to human resources, the issue of brain drain — which could also be seen as mechanism for technology transfer — needs to be further addressed. Several speakers stressed the diversity of situations in developing countries as regards ICT, and expressed their belief that, for many developing countries, basic needs such as education and health must be addressed on a priority basis in order for ICT to become meaningful. Education and training relevant skills were necessary to facilitate an effective transfer of knowledge. A more comprehensive approach that integrated ICT into a new development paradigm was needed. Several speakers underscored the need to view affordable access to information and knowledge as a fundamental human right.

52. Gender aspects must be addressed in the context of ICT and development, as the impact of ICT is not gender-neutral. It is important to ensure that women have equal access to the infrastructure, education and training related to ICT, and that new modes of working made available by ICT such as teleworking are explored with a view to enabling new possibilities for participation, particularly by women in the economy.

53. Development of local contents remains a great challenge not only in terms of language but also in the social, historical and cultural context. It is important to respect social and technical pluralities and to avoid a "one size fits all" approach in identifying effective entry points for developing countries into the globalized digital economy.

54. The possibility of replicating the success of low-wage countries in taking advantage of the information-processing work outsourced by transnational companies could be examined by other developing countries. In this regard, many noted that South-South cooperation, supported by donors in the field of finance and technology, could be helpful.

55. The role of the State is vital in creating an enabling environment for a knowledge-based economy, in particular in establishing an appropriate regulatory

environment, as well as ensuring affordable access to ICT for those who cannot register their needs and preferences adequately through the market mechanism.

56. ICT has the potential to reduce inequities on national and international levels through collaboration and genuine partnership among all stakeholders — policy makers, non-governmental organizations and the private sector. The example of Mozambique as presented by one of the panellists illustrated the importance of national-level cooperation among stakeholders in formulating and implementing national ICT strategies for development.

57. The involvement of non-governmental organizations could help ensure that the developing countries acquire technologies that are relevant to the needs of the target beneficiaries. Cooperation with academics and professionals in the fields of social science, science and technology is necessary to ensure that research and development in ICT are adapted to meet the requirements, and match the resource base, of developing countries.

58. While the issue of digital divide had been addressed by ITU since the mid-1980s, the United Nations as a whole started its efforts in the 1990s. On the whole, developing countries made significant progress in the ICT area; but the least developed countries and Africa were left behind. Regional and international efforts, such as the African Information Society Initiative and the New African Initiative, should be supported and further encouraged to ensure that the digital divide does not widen. The United Nations system, including the Bretton Woods institutions, must play a critical role in promoting coherence and cooperation at the international level and continue to provide assistance to developing countries based on the needs and capacity of each country.

59. Many speakers voiced their hopes that the ICT Task Force, created by the Secretary-General, would make a tangible difference for people on the ground through its efforts to bridge the digital divide on the basis of facilitating partnerships among Governments, non-governmental organizations, the private sector and the international community. In this regard, a proposal was made for the establishment of an ICT Trust Fund to support these activities.

Notes

[1] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.

[2] FCCC/CP/1997/7/Add.1, decision 1/CP.3, annex.

[3] United Nations, *Treaty Series*, vol. 1771, No. 30822.